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FM AMEMBASSY JAKARTA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6273  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY  
RUEHPB/AMEMBASSY PORT MORESBY PRIORITY 3439  
RUEHBJ/AMEMBASSY BEIJING 4311  
RUEHBY/AMEMBASSY CANBERRA 1171  
RUEHKO/AMEMBASSY TOKYO 0794  
RUEHWL/AMEMBASSY WELLINGTON 1756  
RHEHNSC/NSC WASHDC  
RHHJJPI/USPACOM HONOLULU HI  
RUEKJCS/SECDEF WASHDC  
RUEAIIA/CIA WASHDC

C O N F I D E N T I A L JAKARTA 002585

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DEPARTMENT FOR EAP, EAP/MTS, EAP/ANP, INR/EAP, DRL  
NSC FOR EPHU

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SUBJECT: PAPUAN TRIBE DEMANDS "COMPENSATION" FROM FREEPORT

REF: 06 JAKARTA 2492

Classified By: Pol/C Joseph Legend Novak, reasons 1.4 (b,d).

11. (C) SUMMARY: Papuan tribal activists recently demonstrated in support of their claim to land constituting part of Freeport's Grasberg mine. While the group is unlikely to secure a payoff from Freeport or disrupt the company's operations, the incident demonstrates the problems of poverty and underdevelopment in the Papuan highlands. END SUMMARY.

12. (SBU) TRIBE WANTS ITS RIGHTS -- Nearly 500 members of the highland Moni Ugimba tribe descended on the governor's office in Jayapura September 11 to demand compensation from PT Freeport Indonesia's Grasberg mine on the basis of traditional rights. The peaceful protesters, many of whom wore traditional attire and carried bows and arrows, called for the provincial government to recognize their claim to the land. A mid-level provincial government official met the demonstrators and promised to raise the matter with Governor Barnabas Suebu. Protest organizer Samuel Tabuni threatened to close Freeport's operations if the company did not meet the group's demands. There appears little likelihood, however, that the group could disrupt Freeport's operations even slightly, unlike the February 2006 protest by illegal miners that shut the mine for several days (Reftel).

13. (C) FREEPORT SEES A SHAKEDOWN -- Freeport's Director of Corporate Communications Scott Hanna told poloff that the company has a long history with this group and sees the tribe's demands as "a revenue generating exercise." He asserted that the Moni Ugimba tribe had no historical claim to any land which was part of Freeport's operations. He stressed that Freeport did, however, recognize the customary land claims of the Amungme people and other groups who predominated in the Grasberg area and had provided them with development assistance.

14. (C) NOT SO FAST -- Papua ethnography expert and Freeport consultant Dr. Kalman Muller had a slightly different take. He told us that in the past the Moni Ugimba had used some of the land now in Freeport's area for hunting and gathering. This could give them a customary claim on the land. Muller acknowledged, however, that Papuan customary law, an oral compilation of the practices of various tribes, was far from clear on the issue of land ownership. He also noted that the Moni Ugimba had no claim to the land under Indonesian law.

15. (C) IT'S THE ECONOMY, STUPID -- The vague nature of Papuan customary law, together with the contrast between the widespread poverty in the area and the enormous wealth generated by Freeport's operations, invite claims such as this. In the past, such a demonstration might have aimed to provoke a violent reaction from the police, with the resulting outcry giving the tribe some leverage over Freeport. This time, as increasingly is the case, the demonstration passed without incident. Nevertheless, the incident highlights Papua's economic problems and underscores the need for economic development in the Papuan highlands, something President Yudhoyono and Governor Suebu have pledged to make a priority.

HUME